



EN

GENERAL ASSEMBLY

76th session

Rome, 7 December 2017

UNIDROIT 2017

A.G. (76) 2 rev.

Original: English/French

November 2017

Item No. 4 on the agenda: Organisation's activity in 2017

(memorandum prepared by the Secretariat)

<i>Summary</i>	<i>Review of the activities carried out by UNIDROIT in 2017 to implement the Work Programme adopted in 2016, including staffing and funding implications</i>
<i>Action to be taken</i>	<i>To take note of the resources allocated to carry out the current Work Programme</i>
<i>Related documents</i>	<i>UNIDROIT 2016 – F.C. (80) 3; UNIDROIT 2016 – A.G. (75) 3; UNIDROIT 2016 – A.G. (75) 8; UNIDROIT 2017 – F.C. (83) 3</i>

Introduction

1. The Work Programme of UNIDROIT for the triennium 2017-2019 covers a number of topics originally recommended by the Governing Council for inclusion in the Work Programme at its 95th session (Rome, 18-20 May 2016) and approved by the General Assembly at its 75th session (Rome, 1 December 2016) (see document UNIDROIT 2016 – A.G. (75) 8, paras. 24-44).
2. The following criteria are applied to determine the level of priority assigned to the different activities in the Work Programme:

(a) *Priority for allocation of meeting costs:*

- (i) “high priority” – project that should take precedence over others
- (ii) “medium priority” – projects eligible for being initiated or advanced in the event that the costs of high priority projects turn out to be lower than anticipated (e.g. because the Secretariat obtains extra-budgetary funding), thus freeing resources under the regular budget; and
- (iii) “low priority” – projects that should only be advanced after completion of other projects or on the basis of full extra-budgetary funding.

(b) *Priority for allocation of human resources:*

- (i) “high priority” – at least 70% of the time of the responsible officers;
- (ii) “medium priority” – not more than 50% of the time of the responsible officers; and
- (iii) “low priority” – not more than 25% of the time of the responsible officers.

(c) *Indispensable functions:* Indispensable functions are those that are either imposed by the Statute of UNIDROIT (e.g. library, governance) or are otherwise necessary for its operation (e.g. management and administration). These functions are by their very nature “high priority”, which is why they are supported by a dedicated pool of human and financial resources.

3. The Work Programme for the triennium 2017-2019 currently includes the following activities with the priorities assigned by the General Assembly at its 75th session (Rome, 1 December 2016):

A. Legislative activities

1. Secured transactions
 - (a) Implementation of Rail and Space Protocols: high priority
 - (b) Preparation of other Protocols to the Cape Town Convention
 - (i) Agricultural, construction and mining equipment: high priority
 - (ii) Ships and maritime transport equipment: low priority
 - (iii) Renewable energy equipment: low priority

2. Transactions on Transnational and Connected Capital Markets
Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets: high priority
3. Private law and development
Preparation of an international guidance document on agricultural land investment contracts: high priority
4. Transnational civil procedure
 - (a) Formulation of regional rules: high priority
 - (b) Principles of effective enforcement: low priority
5. International Commercial Contracts
Formulation of principles of reinsurance contracts: low priority
6. International sales law
Preparation of a guidance document on existing texts in the area of international sales law in cooperation with UNCITRAL and the Hague Conference on Private International Law: high priority
7. International protection of cultural property
Private art collections: low priority

B. Implementation and promotion of UNIDROIT instruments

1. Depositary functions: high priority
2. Promotion of UNIDROIT instruments: high priority

C. Non-legislative activities

1. UNIDROIT Library and Depository Libraries: high priority
2. Information resources and policy: high priority
3. Internships and scholarships: high priority

4. The present document offers a summary indication of action taken in 2017 to implement the legislative activities that appear on the Work Programme of the Institute. More detailed information, as well as information on the non-legislative activities of the Institute will be provided in the Annual Report 2017 to be published in 2018. Annex I to the present document includes information, in monetary terms, on the allocation of resources to the various projects and activities of the Institute in the financial year 2017, on the basis of the budget approved by the General Assembly at its 75th session (Rome, 1 December 2016). Annex II, in turn, provides information on extra-budgetary contributions available to the Secretariat and their allocation to various activities in the year 2017.

A. Legislative activities**1. Secured transactions****(a) Implementation of Rail and Space Protocols to the Cape Town Convention *******Luxembourg Rail Protocol**

5. With Resolution No. 1, the Diplomatic Conference for the Adoption of the Draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Railway Rolling Stock (Luxembourg, 12-23 February 2007) established a Preparatory Commission ("Rail Preparatory Commission") to act as Provisional Supervisory Authority for the establishment of the International Registry under the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Railway Rolling Stock ("Luxembourg Rail Protocol"). Following the approval of the Registry Contract and Master Service Agreement, the designation of the prospective Registrar, and the signature of the Contract for the Establishment and Operation of the International Registry in 2014, the Rail Preparatory Commission set up a Ratification Task Force (RTF). The RTF is composed of the following members: the Co-Chairs of the Rail Preparatory Commission; the Government of Luxembourg; representatives of the Rail Working Group; Regulis SA, as designated Registrar; SITA; the Intergovernmental Organisation for International Carriage by Rail (OTIF), Secretariat of the future Supervisory Authority for the Registry; and UNIDROIT.

6. The RTF planned an intense agenda for its work and met several times in 2017, through teleconferences and meetings in person, with the aim of coordinating the strategy towards the implementation of the Luxembourg Rail Protocol.

7. The Luxembourg Rail Protocol was signed, in 2017, by France and by Sweden, while Gabon became the second Contracting State to the Protocol by acceding to it.

8. During the course of 2017, UNIDROIT representatives participated in a number of fruitful institutional meetings, conferences, seminars and lectures regarding the Cape Town Convention and its Protocols, including the Luxembourg Rail Protocol, which will be detailed in the Annual Report 2017.

Space Protocol

9. Resolution No. 1 of the Diplomatic Conference for the Adoption of the Draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Space Assets (Berlin, 27 February–9 March 2012) established a Preparatory Commission for the establishment of the International Registry for Space Assets ("Space Preparatory Commission") to act as Provisional Supervisory Authority for the establishment of the International Registry, under the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Space Assets ("Space Protocol"). The following States agreed to serve as members of the Preparatory Commission: Brazil, the People's Republic of China, the Czech Republic, France, Germany, India, Italy, the Russian Federation, Saudi Arabia, South Africa and the United States of America. The International Telecommunication Union (ITU), as well as representatives of the financial and commercial world, were invited as observers.

10. The fifth session of the Space Preparatory Commission is scheduled to take place in Rome on 6 December 2017, with a view to considering further matters relating to the selection of a Registrar and the appointment of a Supervisory Authority, as well as to discuss activities for promoting signature and ratification of the Space Protocol. Following the General Assembly's 76th

session (Rome, 7 December 2017), an informational event concerning developments in the space sector and the Space Protocol will be held at UNIDROIT (see UNIDROIT 2017 – A.G. (76) 1 rev., Annex 2).

11. All activities undertaken by the Secretariat for the promotion of the Space Protocol will be detailed, as customary, in the Annual Report 2017.

(b) Preparation of other Protocols to the Cape Town Convention

*(i) Mining, Agricultural and Construction (MAC) Equipment ***

12. At its 93rd session (Rome, 7-10 May 2014), the Governing Council agreed to convene a Study Group entrusted with preparing a first draft of a Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment ("MAC Protocol"). The Study Group was composed of various international experts in secured transactions law. The Study Group met four times (15-17 December 2014; 8-9 April 2015; 19-21 October 2015; and 7-9 March 2016) to consider legal issues associated with the preparation of the MAC Protocol and to prepare a preliminary draft text. In addition to the members of the Study Group, the meetings were attended by observers from various international organisations and academic institutions.

13. At its 95th session (Rome, 18–20 May 2016), the Governing Council approved the draft text prepared by the Study Group and requested that the UNIDROIT Secretariat convene a Committee of Governmental Experts for the preparation of a draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment ("Committee of Governmental Experts").

14. The first session of the Committee of Governmental Experts was held at the headquarters of the Food and Agriculture Organization of the United Nations (FAO) in Rome from 20-24 March 2017. The session was attended by 126 representatives from 48 Governments (30 UNIDROIT member States and 18 non-member States), six regional and intergovernmental organisations and four international non-governmental organisations.

15. At the first session, the Committee of Governmental Experts made strong progress in reviewing the preliminary draft text provided by the Study Group, and the majority of the text proposed by the Study Group was adopted by the Committee. The most debated issues were: (a) the scope of the Protocol in relation to MAC equipment; (b) how the Protocol should address interests arising out of the association of MAC equipment with immovable property; and (c) the amendment procedure for the Protocol, with particular regard to the Harmonized System codes ("HS codes") contained in the Annexes to the preliminary draft Protocol. At the end of the session, the Committee decided to establish an Intersessional Working Group on Registration Criteria, which was tasked with preparing a new draft Article XVI.

16. After the first session, the Secretariat supported the operation of the Working Group on Registration Criteria and prepared additional legal analysis for consideration by the Committee of Governmental Experts. On the request of the Committee, the Secretariat also commissioned a team of economists to conduct an economic impact analysis on the MAC Protocol. The economic analysis was majority funded by the MAC Protocol Working Group, which represents private sector interests in the MAC Protocol project.

17. The second session of the Committee of Governmental Experts was held at FAO's in Rome from 2-6 October 2017. 126 representatives from 51 Governments, six regional and intergovernmental organisations and three international non-governmental organisations registered to attend the meeting. During the session, further refinements were made to the MAC Protocol. In

particular, additional provisions were inserted to address private sector concerns regarding how the Protocol would deal with inventory. The Committee also adopted amendments to Article XVI, as proposed by the Intersessional Working Group on Registration Criteria.

18. At the end of the session, the Committee of Governmental Experts adopted the preliminary draft MAC Protocol and made a recommendation to the UNIDROIT Governing Council that a Diplomatic Conference be convened to conclude the MAC Protocol. The Governing Council will consider the preliminary draft Protocol adopted by the Committee at its 97th session in May 2018.

(ii) *Ships and maritime transport equipment **

19. Based on the Governing Council's recommendation, the General Assembly at its 75th session (Rome, 1 December 2016) decided to retain in UNIDROIT's Work Programme for the triennium 2017–2019, at a low level of priority, the preparation of an additional Protocol to the Convention on International Interests in Mobile Equipment on matters specific to ships and maritime transport equipment .

20. Consistent with the assigned level of priority, the Secretariat continued to monitor developments in this area. This includes the ongoing work by an International Working Group of the *Comité Maritime International* (CMI), which has sought to collect from various jurisdictions – via a questionnaire made available in April 2016 – information regarding maritime security interest practices and industry needs and for which a progress update was provided at CMI's recent General Assembly meeting (Genoa, 7-8 September 2017).

(iii) *Renewable energy equipment **

21. Following a proposal from the German Federal Ministry of Justice, the General Assembly at its 72nd session (Rome, 5 December 2013) agreed to include in the Work Programme for the triennium 2014–2016 a project to consider the preparation of an additional Protocol to the Convention on International Interests in Mobile Equipment on matters specific to offshore wind power generation and similar equipment.

22. Building upon an initial legal analysis prepared by the Secretariat in 2013, the Secretariat submitted an updated report on the project for consideration by the Governing Council at its 95th session (Rome, 18–20 May 2016). The paper provided additional analysis on offshore wind generation and concluded that, for a Protocol governing this type of equipment to garner the requisite number of ratifications to be successful and economically viable, the scope of the Protocol could be expanded to cover all renewable energy equipment. The paper further noted that additional research was required as to whether there was requisite industry support for the development of such an instrument, and whether high-value mobile renewable energy equipment was generally subject to asset-based financing arrangements under current financing practices.

23. Based upon the paper prepared by the Secretariat, the Governing Council decided to recommend to the General Assembly that this project on renewable energy equipment be retained in the Institute's Work Programme for the triennium 2017–2019 at a low level of priority (see UNIDROIT 2016 – C.D. (95) 15).

24. Consistent with the low priority assigned to the project, throughout 2017 the Secretariat has continued to conduct research and engage with industry to further determine the viability of a future Protocol on renewable energy equipment.

2. Transactions on Transnational and Connected Capital Markets

Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets **

25. The final session of the diplomatic Conference to adopt a Convention on Substantive Rules regarding Intermediated Securities (Geneva, 5-9 October 2009), *inter alia*, adopted the UNIDROIT Convention on Substantive Rules for Intermediated Securities ("Geneva Securities Convention") and established a Committee on Emerging Markets Issues, Follow-Up and Implementation ("Emerging Markets Committee") to assist with the Convention's promotion and implementation. The Emerging Markets Committee has been responsible for overseeing the preparation of a draft Legislative Guide containing principles and rules capable of enhancing trading in securities in emerging markets, which is a high priority item in UNIDROIT's Work Programme for the triennium 2017-2019.

26. The Emerging Markets Committee held its fourth meeting (Beijing, 29-30 March 2017) at the kind invitation of the China Securities Regulatory Commission, who hosted jointly with the China Securities Depository and Clearing Corporation Ltd. In accordance with the Committee's past practice, the meeting commenced with a Colloquium on Financial Markets Law and then the Committee met to cover the items on its agenda. There were roughly 50 representatives from Members and Observers of the Committee, other States and international organisations, as well as an additional 50 guests for the Colloquium.

27. On the first day, an open Colloquium was held on the theme of "Enhancing and Ensuring Legal Certainty in Both Current and Future Holding Systems", during which there were fruitful discussions on various issues related to UNIDROIT's financial markets instruments, the latest developments and relevant legal concerns arising from securities holding systems. The Colloquium also considered how to address the rapid development of financial technology, in particular distributed ledger technologies, in order to enhance the legal certainty of securities holding systems. For more information, the Colloquium programme is available at the following link, <http://www.unidroit.org/english/news/2017/170329-em-beijing/programme-e.pdf>.

28. On the second day, building upon the discussions during the Colloquium, the Members and Observers of the Emerging Markets Committee, as well as other States and organisations, reviewed in detail the draft Legislative Guide on Intermediated Securities, which had been prepared by an informal group of experts with the assistance of the UNIDROIT Secretariat. The informal group was chaired by Mr Hideki Kanda (Member of the UNIDROIT Governing Council and Professor of Law, Gakushuin University) and included Mr Philippe Dupont (Partner, Arendt & Medernach), Ms Dorothee Einsele (Professor of Law, University of Kiel), Mr Francisco J. Garcimartín Alférez (Professor of Law, Universidad Autónoma of Madrid), Mr Philippe Goutay (Jones Day, Paris), Mr Thomas Keijser (Senior Researcher, Radboud University), Ms Maria Chiara Malaguti (Professor of Law, Catholic University of the Sacred Heart, Milan/Rome), Mr Charles W. Mooney, Jr. (Professor of Law, University of Pennsylvania), Mr Luc Thévenoz (Professor of Law, University of Geneva), and Ms Wu Jing (Senior Manager, Legal Department, China Securities Depository and Clearing Corporation). In reviewing the draft Legislative Guide – which had been twice circulated for comments from States, organisations and stakeholders – the Emerging Markets Committee agreed upon certain amendments and additions and ultimately recommended that the draft Legislative Guide, as revised, be submitted to the UNIDROIT Governing Council for review and adoption.

29. Following the Committee's meeting and in accordance with the Committee's recommendation, the draft Legislative Guide was prepared and submitted to the UNIDROIT Governing Council for consideration and adoption at its 96th session (Rome, 10-12 May 2017). At that session, the Governing Council adopted the Legislative Guide and authorised the Secretariat to promote its dissemination and implementation (UNIDROIT 2017 – C.D. (96) 15, para. 59).

30. Since its adoption, the Legislative Guide has undergone formatting and related work to prepare it for publication, both online and in print, in English and French during the fall of 2017 and in Chinese and Spanish by the end of 2017. Immediately following the General Assembly's 76th session (Rome, 7 December 2017), there will be a panel presentation celebrating and promoting the launch of the Legislative Guide (see UNIDROIT 2017 – A.G. (76) 1 rev., Annex 1).

3. Private law and development

Preparation of an international guidance document on agricultural land investment contracts ***

31. At its 95th session (Rome, 18-20 May 2016), the Governing Council considered the feasibility study that had been prepared by the Secretariat and took note of it, ultimately deciding to recommend to the General Assembly that it retain work on an international guidance document on agricultural land investment contracts in the UNIDROIT Work Programme for the triennium 2017-2019 with a high level of priority. The General Assembly endorsed that recommendation at its 75th session (Rome, 1 December 2016).

32. Consistent with the high level of priority, the Working Group on agricultural land investment contracts was constituted and held two meetings in 2017. The Working Group is chaired by Mr José Antonio Moreno Rodríguez, a member of the UNIDROIT Governing Council, and currently includes: Mr Lorenzo Cotula, Principal Researcher in Law and Sustainable Development at the International Institute for Environment and Development (IIED); Mr Daryono, Professor at Universitas Terbuka, Jakarta; Ms Bénédicte Fauvarque-Cosson, Professor at Université Paris 2; Mr James Gathii, Wing-Tat Lee Chair in International Law and Professor of Law at Loyola University Chicago School of Law; Ms Jean Ho, Assistant Professor at the National University of Singapore; Mr Pierre-Etienne Kenfack, Professor at Université Yaoundé 2; and Ms Yuliya Panfil, Associate, Investments at the Omidyar Network. The Working Group also includes representatives of FAO; IFAD; the International Land Coalition, a global alliance of civil society and farmers' organisations, UN agencies, NGOs and research institutes; the World Farmers Organisation, made up of national producer and farm cooperative organisations; and the Private Sector Mechanism at the Committee on World Food Security (CFS), which provides views on behalf of the wider private sector.

33. At the Working Group's first meeting (Rome, 3-5 May 2017), the Working Group began by discussing various general matters, including: UNIDROIT and its work on private law and agricultural development; alignment of the work with existing initiatives, in particular the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of National Food Security ("VGGT") and the Principles for Responsible Investment in Agriculture and Foods Systems ("CFS-RAI Principles"); co-operation with the UN agricultural development agencies, non-governmental organisations, civil society, the private sector and other stakeholders; and the possible scope, structure and target audience of the future instrument. Following those general discussions, the Working Group reviewed a preliminary draft outline of the future instrument on agricultural land investment contracts, which had been prepared by the UNIDROIT Secretariat for discussion purposes. The Group amended and provided expert input on the initial outline, which would be subject to ongoing review.

34. At the Working Group's second meeting (Rome, 13-15 September 2017), the Working Group discussed recent developments and general considerations in relation to the work, in particular with respect to the future instrument's scope and target audience and its alignment to existing initiatives. In this regard, the Working Group recommended that, subject to ongoing review, the future instrument should be a guide focusing on leases and concessions of agricultural land and that the guidance should be targeted to not just legal counsels for investors, but legal counsels for the various

parties involved in those contracts. The Working Group then examined in detail an updated draft outline of the future instrument and initial draft contributions for certain chapters. Regarding the organisation of future work, the Working Group considered possible events and other means for raising awareness about the work, consulting stakeholders and seeking their input. It then decided that the third meeting was to be held in Rome on 25-27 April 2018.

35. In addition, the Secretariat organised a second informal meeting that was held – in collaboration with FAO and IFAD – with experts and interested stakeholders at FAO on 11 October 2017 during the CFS' 44th plenary session. Like the previous informal meeting, which was held at FAO on 20 October 2016 during the CFS' 43rd plenary session, the meeting's purpose was to raise awareness about UNIDROIT's work in this area and to solicit input on the scope, target audience, form and content of the future instrument on agricultural land investment contracts. Participants reviewed and commented on the draft outline, and the input received is to be provided to the Working Group for consideration.

4. Transnational civil procedure

(a) Formulation of regional rules ***

36. In 2014, UNIDROIT and the European Law Institute (ELI) agreed on a joint project for the development of regional rules of European civil procedure based on the ALI – UNIDROIT Principles of Transnational Civil Procedure, which were prepared by a joint American Law Institute / UNIDROIT Working Group and were adopted by the UNIDROIT Governing Council at its 83rd session (Rome, 19-21 April 2004). The project priority was raised following a decision of the UNIDROIT General Assembly at its 73rd Session (Rome, 11 December 2014), upon a proposal by the Governing Council at its 94th Session (Rome, 6-8 May 2015).

37. UNIDROIT and ELI established a joint Steering Committee during a first meeting (Rome, 12-13 May 2014) and agreed on a timeframe for the completion of the work, which was entrusted, gradually, to a total of nine Working Groups, three of which have already completed their assigned part. Each Working Group is led by two Co-Reporters and is composed of experts (academics, judges and practicing lawyers) ensuring geographic, linguistic and legal diversity, with strong encouragement for members to participate in more than one group. The first three Working Groups, set up in May 2014, covered "access to information and evidence", "provisional and protective measures" and "service of documents and due notice of proceedings". Two additional Working Groups were created in November 2014 on "*lis pendens* and *res judicata*" and "obligations of the parties and lawyers". Four other groups – respectively on "costs", "judgments", "parties to the proceedings" and most recently "appeals" – were set up between late 2015 and summer 2016, so as to provide coverage of most of the issues addressed in the ALI-UNIDROIT Principles and for which European rules were considered to be both useful and feasible. Lastly, a horizontal Working Group on the "Structure" of the proceedings was set up in order to ensure formal and substantive coordination of the drafts produced by the experts.

38. Steering Committee Members, Co-Reporters and members of the Working Groups of the ELI-UNIDROIT joint project convened on 5-7 April 2017 in Rome to discuss issues pertaining to the finalisation of the drafts of the first three Working Groups and progress drafts and reports of the other Working Groups. On the first day, the Working Group on "Structure" discussed, together with the Steering Committee and representatives of Co-Reporters of the Working Groups, the consolidated text of three final drafts on 'Service and due notice of proceedings', 'Access to information and evidence' and 'Provisional and protective measures', as well as general points regarding project coordination. The official part of the meeting took place on the following two days, under the chairmanship of the former Secretary-General of UNIDROIT, Mr José Angelo Estrella Faria, and ELI

President, Ms Diana Wallis. Members of the Steering Committee, Co-reporters, numerous members of the project's Working Groups as well as advisers and observers from interested intergovernmental, international and regional organisations were present.

39. The consolidated draft of the work of the first three Working Groups was presented at the 96th session of the UNIDROIT Governing Council (Rome, 10-12 May 2016), at which that draft was received with positive feedback.

40. A presentation and discussion of the ELI-UNIDROIT project was also featured at the 2017 ELI Annual Conference that took place in Vienna on 6-8 September 2017.

41. During the remainder of 2017, the project will further benefit from another Steering Committee and Co-Reporters meeting to be held in Vienna on 16-17 November and hosted by the ELI, with the aim of discussing the structure of the rules as well as the progress reports of the more recently-formed Working Groups.

42. More detailed information on the initiatives, conferences and seminars on this project will be contained in the Annual Report 2017.

(b) Principles of effective enforcement *

43. Although the ALI-UNIDROIT Principles of Transnational Civil Procedure are comprehensive, they are mainly designed to give guidance for first instance procedures and only minimally address issues of enforcement. In particular, Principle 29 of the ALI-UNIDROIT Principles emphasises the need for speedy and effective enforcement, but the comment makes clear that the topic as such was beyond the scope of those Principles. The same can be said for the work on transnational civil procedure approved so far by other intergovernmental organisations such as United Nations Commission on International Trade Law (UNCITRAL), the UN and The Hague Conference on Private International Law (HCCH), with the exception of recognition and enforcement of arbitral awards.

44. The right to effective enforcement of judgements (and arbitral awards) represents an integral part of the fundamental right to a fair and effective procedure. The economic significance of effective enforcement mechanisms, moreover, embraces decision-making and execution and was considered, by the World Bank as well as an increasing number of national governments, to be a fundamental criterion for the assessment and evaluation of national economies and for credit rating purposes. In recent decades, many States have introduced important reforms of their enforcement law and, in some States, such reforms are still in process. While in the EU the law of enforcement is, in principle, within the competence of the individual States, the EU enacted legislation facilitating cross-border debt recovery and initiated reports on the present status of the enforcement laws of EU member States. All of these activities document increasing concern about inefficient enforcement mechanisms at national and transnational levels. The Secretariat believes that transnational principles of enforcement could provide helpful guidelines for legislators wishing to improve their national law, while at the same time contributing to the emergence of common minimum standards for national procedures as the necessary basis for improving international cooperation in this area.

45. The proposal by the Secretariat was supported by a preliminary feasibility study conducted by Rolf Stürner, Emeritus Professor at the University of Freiburg (Germany) and former Co-Reporter of the ALI/UNIDROIT Principles of Transnational Civil Procedure. The proposal received the recommendation of the Governing Council at its 95th session (Rome, 18-20 May 2016), and was adopted as part of the Work Programme for the triennium 2017-2019 by the General Assembly at its 75th session (Rome, 1 December 2017).

46. Work on the project will begin upon completion of the substantive work on the ELI-UNIDROIT project on transnational civil procedure – formulation of regional rules, which is expected by the end of 2018.

5. International Commercial Contracts - Formulation of principles of reinsurance contracts *

47. In July 2015, the Secretariat was approached by a group of scholars and practicing lawyers led by Professor Anton K. Schnyder and Professor Helmut Heiss (University of Zurich, as "Lead Agency"), Professor Martin Schauer (University of Vienna) and Professor Manfred Wandt (University of Frankfurt), who were examining the feasibility of formulating "Principles of Reinsurance Contract Law" (PRICL). This initiative was inspired by the project group "Restatement of European Insurance Contract Law", which led to the publication of the Principles of European Insurance Contract Law (PEICL).¹ The purpose of the project is to formulate a "restatement" of existing global reinsurance law, which is largely embedded in international custom and usage, but is seldom the subject of legislation.

48. The project leaders have expressed the view that the proposed principles presuppose the existence of adequate rules of general contract law. Rather than attempting to re-create such rules, the proposed new principles were to be drafted as a "special part" of the UNIDROIT Principles of International Commercial Contracts.

49. The project has received financial support from the Swiss National Science Foundation, the German Research Foundation and the Austrian Research Promotion Fund. In addition to the project managers, the research team includes well-known representatives from Belgium, Brazil, China, Germany, France, Great Britain, Italy, Japan, Singapore, South Africa and the United States of America. In addition, two advisory groups made up of representatives of the global insurance and reinsurance markets advise the research team.

50. The participants at the first project group workshop (Zürich, 27-30 January 2016) agreed that specific principles and comments should be drafted on the following topics: choice-of-law, non-disclosure, errors and omissions, conditions precedent, event/accumulation/aggregation, late notice, back-to-back cover, the "follow the fortunes" and "follow the settlement" principles, cooperation, the time-bar rule, termination and recapture and extra-contractual obligations of the reinsured. The participants also agreed on a timeline, with a view to substantially completing drafting of the PRICL by the year 2018. The final form and means of publication of the PRICL remain under consideration.

51. Since the first workshop, and following the approval of inclusion of the project in the Institute's Work Programme for the triennium 2017-2019, UNIDROIT has actively participated in three more workshops (Vienna, 12-15 October 2016; Frankfurt, 8-12 March 2017; and Zurich, 28 June-1 July 2017). With a view to ensuring consistency between the PRICL and the UNIDROIT Principles, UNIDROIT has been invited to participate at future workshops as well, the next of which is planned for January 2018.

¹ Principles of European Insurance Contract Law, Edited by Project Group "Restatement of European Insurance Contract Law", established by Fritz Reichert-Facilides †, Chairman: Helmut Heiss, Sellier European Law Publishers (October 2009).

6. International sales law - Preparation of a guidance document on existing texts in the area of international sales law in cooperation with UNCITRAL and The Hague Conference on Private International Law ***

52. On 14 December 2015, the Secretariat received a communication from the Secretariat of UNCITRAL inviting UNIDROIT and the HCCH to cooperate on a project for the "creation of a roadmap to the existing texts in the area of international sales law (sales contracts) prepared by each organisation, primarily the CISG, the UNIDROIT Principles, and the Hague Principles, and providing an assessment of interactions between the texts, their actual and potential use, application, and impact, all with the goal to facilitate promotion of their appropriate use, uniform interpretation, and adoption." That communication further stated that such a project should "extend also, as relevant, to the other texts in the field prepared by the three organisations (including, for example, the Limitation Convention, the Electronic Communications Convention, the 1983 Uniform Rules, ULIS/ULFC 1964, and the 1955/1986 Hague Conventions), and make reference, as needed, to outside instruments (e.g. those of regional economic integration organisations such as the EU, OHADA, as well as those of the ICC, ITC)."

53. As regards the methodology, it was suggested that the work should be entrusted to "a small joint panel of experts, chosen by the three organisations and including, to the extent possible, representatives from differing legal traditions and from countries with differing levels of economic development, and also including, as possible, representatives from other particularly relevant organisations (e.g., regional economic integration organisations, ICC, ITC)". The envisaged outcome would be a joint publication or online tool reflecting contributions from all organisations and keeping in mind the successfully completed "UNCITRAL, Hague Conference, and UNIDROIT Texts on Security Interests"² and having "legislators, judges and arbitrators, and/or lawyers and commercial operators" as the target audience.

54. At its 95th session (Rome, 18-20 May 2016), the Governing Council agreed to recommend this topic for inclusion in the UNIDROIT Work Programme for the triennium 2017-2019 by the General Assembly, and proposed to assign it a high level of priority. The General Assembly, at its 75th session (Rome, 1 December 2016) endorsed that recommendation.

55. The governing bodies of both the HCCH and UNCITRAL also approved the joint project in 2016. The Secretariats of the three Organisations have since held a series of exchanges with a view to further refining both the proposed nature and scope of the projects, as well as devising the methodology and clarifying the timetable.

56. It was agreed that, with so many different legislative and non-legislative instruments in the area of international commercial contract law in place, it would be beneficial to provide guidance to stakeholders in order to identify the relevance and impact of each instrument and their relationship with other legal instruments. The goal of the suggested legal guide would therefore be to discuss pertinent issues and, in that context, assist the users in identifying, understanding and applying relevant uniform instruments. The legal guide would explain the relationship between different instruments and the fundamental features of each of them rather than focus on their details. However, the legal guide would not be of a normative character and would refrain from interpreting relevant rules. Rather, the legal guide would provide basic information on existing instruments and include illustrations for the benefit of different legal actors, such as judges, legislators, arbitrators and legal counsels.

² UNCITRAL, The Hague Conference and UNIDROIT Texts on Security Interests: Comparison and analysis of major features of international instruments relating to secured transactions (New York, 2012).

57. The three Secretariats have invited five renowned experts in private international law and international contracts law from different legal traditions and geographic regions to contribute, in a personal capacity, to the preparation of the legal guide, namely Pilar Perales Viscasillas (Universidad Carlos III de Madrid), Hiroo Sono (Hokkaido University, School of Law), Lauro Gama (Binenbojm, Gama & Carvalho Britto Advogados), Neil Cohen (Brooklyn Law School), and Stefan Vogenauer (Director, Max Planck Institute for European Legal History). It was agreed that, as a first step, the various sections which are of relevance for each Organisation would be drafted separately and the resulting document would be shared with concerned organisations and other stakeholders for approval.

58. The three Secretariats have also agreed on a tentative outline, which contains the attribution of the various sections of the legal guide to the relevant coordinating Organisation. However, the various sections should not be considered as an individual work product, but rather as an initial draft to be revised by the Secretariats in consultation with other organisations and subject-specific experts, as needed.

59. A meeting to coordinate the Group of Experts' work was held on 25 October 2017 in Frankfurt, upon the invitation of Professor Stefan Vogenauer, with the aim to have a first consolidated draft to be presented to the HCCH Council in mid-March 2018. It is envisaged that the consolidated draft would then be presented to the experts for additional review and the resulting document would be finalised by the Secretariats in an inter-governmental process, which may include circulation to stakeholders. A formal approval by the governing bodies of the Organisations would follow.

7. International protection of cultural property - Private art collections*

60. The topic of private art collections was included in the UNIDROIT Work Programme for the triennium 2017-2019 at the General Assembly's 75th session (Rome, 1 December 2016) and was assigned a low level of priority. In order to identify those private law aspects that fell within its mandate, UNIDROIT hosted a conference entitled "Private Collections: Historical and Legal Perspectives" (Rome, 16-17 March 2017) and had invited Ms Elina Moustaira, Professor of Comparative Law at the School of Law of the National and Kapodistrian University of Athens, to make a presentation. The Conference was co-organised with ISCHAL, the Institut des sciences sociales et politiques (CNRS-ENS Cachan-Université Paris-Nanterre) and BonelliErede, an Italian law firm. UNIDROIT had then asked Professor Moustaira to prepare – on the basis of her presentation at the conference – a document indicating private law aspects on which UNIDROIT's particular expertise would be of additional benefit in this field.

61. At its 96th session (Rome, 10-12 May 2017), the Governing Council considered the topic and encouraged the Secretariat to continue to investigate the feasibility of possible future work which would be consistent with its mandate and with the provisions of the 1995 UNIDROIT Convention on Cultural Property and other relevant instruments in its field. The Governing Council also reiterated the low priority assigned to the subject.

ANNEX I

**Expenditure in Implementation of Work Programme
(estimate by 31 December 2017)**

		Priority level	<i>Regular budget</i>
Secured transactions			
1	(a) Implementation of Rail and Space Protocols	***	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	30.423,32
		General services (Ch. 2.1, 3.1)	13.254,80
	Conference costs	Official journeys (Ch. 1.5)	4.799,25
		Interpretation/technical services/representation (Ch. 1.5)	2.000,00
		Official journeys of experts (Ch. 1.5)	2.251,11
	Total		52.728,47
2	(b) Preparation of other Protocols to the Cape Town Convention	***	
	(1) Agricultural, mining and construction equipment	***	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	77.326,31
		General services (Ch. 2.1, 3.1)	31.691,66
	Consultation/Promotion	Interpretation/technical services/representation (Ch. 1.5)	14.106,50
		Official journeys (Ch. 1.5)	1.062,89
		Official journeys of experts (Ch. 1.5)	38.994,74
	Total		163.182,11
3	(2) Ships and maritime transport equipment	*	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	2.730,13
		General services (Ch. 2.1, 3.1)	0,00
	Total		2.730,13
4	(3) Renewable energy equipment	*	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	0,00
		General services (Ch. 2.1, 3.1)	0,00
	Total		0,00
5	Transnational and Connected Capital Markets	***	
	Legislative Guide to enhance trading in securities in emerging markets	***	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	39.950,18
		General services (Ch. 2.1, 3.1)	6.557,33
	Conference costs	Official journeys of experts (Ch. 1.5)	7.871,47
		Interpretation/technical services/representation (Ch. 1.5)	7.500,50
	Total		61.879,48

6	Private law and development - Land Investment Contracts	***
Staffing costs	Professional staff (Ch. 2.1, 3.1)	46.218,47
	Consultant fees (Ch.2.1)	
	General services (Ch. 2.1, 3.1)	3.766,73
Conference costs	Interpretation/technical services/representation (Ch. 1.5)	4.653,25
	Official journeys (Ch. 1.5)	0,00
	Official journeys of experts (Ch. 1.5)	23.707,00
Total		78.345,46
7	Transnational civil procedure - formulation of regional rules	

Staffing costs	Professional staff (Ch. 2.1, 3.1)	22.810,17
	General services (Ch. 2.1, 3.1)	17.172,20
Conference costs	Interpretation/technical services/representation (Ch. 1.5)	2.121,25
	Official journeys of staff (Ch. 1.5)	425,57
	Official journeys of experts (Ch. 1.5)	23.185,33
8	Principles of effective reinforcement	*
Staffing costs	Professional staff (Ch. 2.1, 3.1)	0,00
	General services (Ch. 2.1, 3.1)	0,00
Conference costs	Interpretation/technical services/representation (Ch. 1.5)	0,00
	Official journeys of staff (Ch. 1.5)	0,00
	Official journeys of experts (Ch. 1.5)	0,00
Total		65.714,52
9	International Commercial Contracts	*
Staffing costs	Professional staff (Ch. 2.1, 3.1)	7.875,00
	General services (Ch. 2.1, 3.1)	0,00
Consultation / promotion	Official journeys (Ch. 1.5)	653,38
Total		8.528,38
10	International Sales Law	

Staffing costs	Professional staff (Ch. 2.1, 3.1)	8.507,51
	General services (Ch. 2.1, 3.1)	5.948,63
Consultation / promotion	Official journeys (Ch. 1.5)	566,00
Total		15.022,14
11	International Protection of Cultural Property	*
Private art collections		*
Staffing costs	Professional staff (Ch. 2.1, 3.1)	10.561,21
	Consultant fees (Ch. 2.1, 3.1)	4.200,00
Consultation / promotion	Official journeys (Ch. 1.5)	0,00
Total		14.761,21

Implementation and promotion			
12	(1) Depositary Functions		

Staffing costs	Professional staff (Ch. 2.1, 3.1)		37.048,22
	General services (Ch. 2.1, 3.1)		27.461,38
Total			64.509,60
13	(2) Promotion of UNIDROIT Instruments		

Staffing costs	Professional staff (Ch. 2.1, 3.1)		186.906,38
	General services (Ch. 2.1, 3.1)		0,00
Consultation/promotion	Official journeys (Ch. 1.5)		22.509,69
Conference costs	Official journeys of experts (Ch. 1.5)		619,30
	Consultant fees (Ch. 2.1, 3.1)		4.902,25
Postage (Ch.4.3)			
Total			214.937,62
Non-legislative activities			
14	(1) UNIDROIT Library and Depositary Libraries		

Staffing costs	Professional staff (Ch. 2.1, 3.1)		0,00
	General services (Ch. 2.1, 3.1)		67.676,31
Acquisitions	Purchase of books, legal journals, binding, software (Ch.6)		129.000,00
Total			196.676,31
15	(2) Information resources and policy		

Staffing costs	Professional staff (Ch. 2.1, 3.1)		86.311,56
	General services (Ch. 2.1, 3.1)		92.984,99
Documentation/translation			
	Postage (Ch. 6.3)		7.065,73
	Printing costs (Ch. 5)		
Total			206.362,28
16	(3) Internships and scholarships		

Staffing costs	Professional staff (Ch. 2.1, 3.2)		33.515,29
	General services (Ch. 2.1, 3.1)		86.788,94
Total			120.304,23
17	Membership, institutional cooperation and governance		
Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)		194.042,86
	General services (Ch. 2.1, 3.1)		102.073,16
Conference costs	Interpretation/technical services/representation (Ch. 1.5)		22.096,25
	GA, FC, GC and PC (Ch. 1.1)		41.910,78
Consultation / promotion	Official journeys (Ch. 1.5)		10.009,49
	Representation (Ch. 1.7)		8.000,00
Total			378.132,54

18	Administration, support services and building management	
Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)	97.400,91
	Travel and relocation expenses for departures (2.1)	3.319,99
	General services (Ch. 2.1, 2.2, 3.1)	245.592,51
	Porter overtime (Ch.2.1)	5.000,00
	Auditor(Ch1.4)	2.341,25
Miscellaneous	Consultant fees (Ch. 2.1, 3.1)	9.430,70
	Maintenance costs (Ch. 5)	160.000,00
	Compensation for retired members of staff (Ch. 3.3)	3.750,00
	Accident insurance (Ch. 3.2)	10.994,00
	Stationery, telephone, fax and Internet (Ch. 4.1, 4.2)	43.000,00
Total	Miscellaneous (Ch. 4.4)	4.916,34
		585.745,70
Total		2.229.560,18

ANNEX II

UNIDROIT Information on Extrabudgetary Contributions in 2017					
		Balance 2016	Received *	Spent **	Balance ***
Principles on Netting of Financial Instruments	€	Balance 2016	Received	Spent	Balance
Receipts					
Donor Association of German Banks		281,39			281,39
Expenditure					
Total	€	281,39	0,00		281,39
Preparation of a Legal Guide on Contract Farming	€	Balance 2016	Received	Spent	Balance
Receipts					
Donor IFAD		0			
FAO		0			0,00
Expenditure					
Total	€				0,00
Promotion of UNIDROIT Instruments	€	Balance 2016	Received	Spent	Balance
Receipts					
Donor Uniform Law Foundation		15.002,60			15.002,60
Expenditure					
Total	€	15.002,60	0,00		15.002,60

Research Scholarship Programme		€	Balance 2016	Received	Spent	Balance
Receipts						
Donor	Scholarship General Fund (Gov.council and Various Italian Law Firms)		273,76	3.131,97		3.405,73
	Transnational Law and Business University (Republic of Korea)		586,49	2.547,64	586,49	2.547,64
	Uniform Law Foundation		17.171,53	10.000,00	22.300,00	4.871,53
	UK Foundation for International Uniform Law		25,48	0,00	25,48	0,00
	Republic of China		20.000,00	20.000,00	3.400,00	36.600,00
Expenditure						
	Scholarships					
		€	38.057,26	35.679,61	26.311,97	47.424,90
Total						
UNIDROIT Library		€	Balance 2016	Received	Spent	Balance
Receipts	Various Italian Law Firms		45.013,77			
Donor						
Expenditure	Purchase of books and journals					
			45.013,77		1.501,25	43.512,52
Total		€	98.355,02	35.679,61	27.813,22	106.221,41
GRAND TOTAL						

Estimated total receipts as of 31 December 2017, including any amounts carried over from 2016

* Estimated expenditure as of 31 December 2017

** Estimated balance as of 31 December 2017

*** This project is expected to benefit from a final payment of 4,800 Euros from FAO upon completion in 2017